

Budget Unit Brief

FY 2017



Medical Assistance - Health Care Trust Fund

Background

[Senate File 128](#) (FY 2008 Cigarette/Tobacco Tax Increases and Health Care Trust Fund Act) increased the cigarette tax rate from \$0.36 per pack of 20 cigarettes to \$1.36 per pack and increased the tobacco tax rate from 22.0% of the wholesale cost to 50.0% of the wholesale cost. In addition, language in [HF 923](#) (FY 2008 Department of Revenue Technical and Policy Act) taxed cigars at 50.0% of the wholesale price or \$0.50 per cigar, whichever is less.

The revenues from the tax increases were deposited to the newly created Health Care Trust Fund (HCTF) beginning July 1, 2007. [Senate File 446](#) (FY 2014 Health and Human Services Appropriations Act) amended the law so that all tax receipts related to the sale of tobacco are deposited into the Health Care Trust Fund beginning July 1, 2013.

Revenues

Revenues to the Health Care Trust Fund from the sales of tobacco averaged around \$106.0 million prior to the law change in [SF 446](#) and are estimated to be \$222.9 million in FY 2017. All revenues from the Health Care Trust Fund are appropriated to the Medicaid Program.

Related Statutes and Administrative Rules

Iowa Code sections [453A.35](#) and [453A.35A](#)

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More Information

Iowa General Assembly: <https://www.legis.iowa.gov/>

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